GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

UNSTARRED QUESTION NO:2249
ANSWERED ON:04.12.2000
LICENCE FEE .
UMMAREDDY VENKATESWARLU

Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the licence fee for some cellular telephone companies has been deliberately kept low;

(b) if so, the details thereof and the reasons therefor;

(c) whether Delhi Cellular Telephone companies are getting off with easy payments;

(d) if so, the steps proposed to be taken by the Government to ensure equity in such matter;

(e) whether the Government propose to review the existing agreement; and

(f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS

(SHRI TAPAN SIKDAR)

(a) & (b): License Fees in respect of Cellular Circles had initially been fixed based on the bids given by the Companies.And in case of Metros, the license fees for the first three years had been fixed by the Department, for each of the two companies licensed for each city, as under, after a consideration of the estimates of revenues likely to be generated by them:

(Rs. in Crores)

City	1st year	2nd year	3rd year
Mumbai	3	6	12
Delhi	2	4	8
Calcutta	1.5	3	6
Chennai	1	2	4

The License fees for the subsequent years were based on the number of subscribers, at the rate of Rs. 6,02,300/- per 100 subscribers (or part thereof), subject to the minimum shown below:
Minimum License Fee for each Metro Cellular Operator for

(Rupees in Crores)

CITY	4th to 6th year (For each year)	7th year onwards (For each year)
Mumbai	18	24
Delhi	12	16
Calcutta	9	12
Chennai	6	8

Actually, all the metro operators paid the license fee for the 4th/5th year periods based on subscribers since that was higher than the above-mentioned minimum values. In the post-migration (to New Telecom Policy, 1999 regime) period, all Cellular licensees, both Circle and Metro, are required to pay License Fee as a share (which is presently fixed provisionally @ 15%) of their revenue.Based on the recommendations of Telecom Regulatory Authority of India (TRAI) and Government`s final decision, final adjustment of provisional dues (post-migration) will be effected depending on percentage of revenue share as may be finally decided.

(c) No, Sir. The percentage of revenue to be paid by the cellular operators in Delhi as license fee is the same as that for the operators of other Metro cities.

(d) Does not arise in view of the above.

(e) & (f): The terms and conditions of existing cellular licenses are to be modified in view of stipulations in Migration package for migration to the New Telecom Policy-1999 (NTP-99) regime of revenue sharing.